

Los Angeles Memorial Coliseum Commission and Los Angeles Memorial Coliseum Association, Inc.

Financial Report
For the Fiscal Year Ended June 30, 2013

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Independent Auditor's Report

To the Honorable Members
Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.
Los Angeles, CA

Report on the Financial Statements

We have audited the accompanying financial statements of the Los Angeles Memorial Coliseum Commission (the Coliseum Commission) and the Los Angeles Memorial Coliseum Association, Inc. (the Association) (hereafter collectively referred to as the Commission), which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP); this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2013, and the change in financial position and cash flows for the year then ended in conformity with U.S. GAAP.

Other Matters*Required Supplementary Information*

U.S. GAAP requires that the Management's Discussion and Analysis on pages 3 to 12 and the schedule of funding progress for retirement healthcare on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis-of-Matter

As discussed in Note 9 to the financial statements, the Commission entered into a sublease agreement subsequent to June 30, 2013 that substantially changed the management of the Commission's major revenue-producing capital assets and certain commitments associated with those assets. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "McGladrey LLP".

Irvine, CA
November 26, 2013

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.
Management's Discussion and Analysis
Year Ended June 30, 2013**

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, the notes to the basic financial statements and the required supplementary information. The basic financial statements include a series of financial statements, which comprise the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. This report provides the financial position and the financial results of activities at the Los Angeles Memorial Coliseum Commission (the Coliseum Commission) and the Los Angeles Memorial Coliseum Association, Inc. (the Association) (hereafter collectively referred to as the Commission) as a whole and presents a long-term view of the Commission's finances.

The Coliseum Commission is a governmental entity that was established under a Joint Powers Authority agreement dated September 25, 1945 between the State of California (the State), the County of Los Angeles (the County), and the City of Los Angeles (the City). The Coliseum Commission has a single purpose: to provide for the ongoing maintenance and operation of the Los Angeles Memorial Coliseum (the Coliseum) and the Los Angeles Memorial Sports Arena (the Sports Arena). The operation of the Coliseum (opened in 1923) and Sports Arena (opened in 1959) by the Coliseum Commission has been conducted pursuant to a series of management agreements, the most recent of which was adopted on November 9, 1976. The Coliseum Commission also has two separate ground leases, each dated January 3, 1956, with the State for the property under and around the two facilities. On September 3, 2003, the Coliseum Commission formally notified the State that the Coliseum Commission was exercising its right to extend both ground leases, due to expire on December 31, 2005, until December 31, 2054. The revised rental terms for the 49-year extension were subject to a separate negotiation between the Coliseum Commission and the State. The revised rental terms were set forth in a subsequent agreement executed by the Coliseum Commission and the State on February 13, 2008. Until December 31, 2054, the State, the County and the City each possess a one-third interest in the buildings and improvements. On January 1, 2055, full ownership of the two facilities reverts to the State.

Since 1996, the Coliseum Commission has also been supported by an affiliated 501(c)(3) organization, the Association. Because of the dedicated support relationship between the Coliseum Commission and the Association, the financial statements are presented on a combined basis, as the Association is a blended component unit of the Commission. The report as of and for the year ended June 30, 2013 follows the previous report as of and for the year ended June 30, 2012 that was presented to the Coliseum Commission's governing body at its meeting on December 5, 2012.

Notwithstanding the fact that the Commission is a governmental entity, it is established as an enterprise fund dependent solely on its own revenues for operating and capital activities and does not receive any governmental appropriation from the State, the County or the City.

During fiscal year 2012-2013, the Commission's governing body and interim management continued its efforts to: (a) make the Coliseum and Sports Arena available for events as called for in the ground lease with the State, despite the significant reduction in facility rental revenue and event revenue, as well as the no-longer-valid business operating model; and (b) deploy all available assets to achieve such events while the Commission concurrently worked to implement various amendments to its lease with the University of Southern California (USC) for the latter to assume responsibility for both the long-term operation of both the Coliseum and Sports Arena facilities and the capital renewal of the Coliseum in an effort to cure the default alleged by USC against the Coliseum Commission by a letter dated October 4, 2011.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

Our analysis of the Commission begins on page 4. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using an accrual basis of accounting, which is consistent with accounting used by government enterprise funds and most private-sector companies. All of the current year's revenues and expenses are taken into account when incurred regardless of when cash is received or paid.

The reader can think of the Commission's net position, the difference between assets and liabilities, as one way to measure the Commission's financial health, or net position. Over time, increases or decreases in the Commission's net position is one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as changes in the Commission's public perception, requirements, and the condition of the Commission's primary assets to assess the overall health of the Commission.

In the statement of revenues, expenses and changes in net position, the Commission presents the financial results of its activities. The reader is also reminded that no appropriations are received from the State, the County or the City to finance either the operating or the capital activities of the Commission.

THE COMMISSION AS A WHOLE

The Commission's net position was significantly lower as of June 30, 2013, decreasing to \$7.2 million from \$17.4 million as of June 30, 2012. The analysis below focuses on the net position (Table 1) and the results of the Commission's operating activities (Table 2).

**Table 1
Net Position**

	<u>2013</u>	<u>2012</u>
Current Assets	\$ 4,178,737	\$ 2,879,516
Net Capital Assets	15,221,207	23,323,225
Total Assets	<u>\$ 19,399,944</u>	<u>\$ 26,202,741</u>
Current Liabilities	\$ 5,531,637	\$ 3,874,646
Long-Term Liabilities	6,664,802	4,893,262
Total Liabilities	<u>\$ 12,196,439</u>	<u>\$ 8,767,908</u>
Net Position		
Net Investment in Capital Assets	\$ 12,601,933	\$ 20,506,029
Unrestricted (Deficit)	(5,398,428)	(3,071,196)
Total Net Position	<u>\$ 7,203,505</u>	<u>\$ 17,434,833</u>

Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—changed from a \$3,071,196 deficit at June 30, 2012 to a \$5,398,428 deficit at June 30, 2013.

During the year ended June 30, 2013, the Commission's financial performance continued to be affected by the practices and shortcomings of previous management, including: (a) absence of adequate long-range fiscal planning, particularly that required for the Commission to fulfill its contractual obligations regarding capital improvements and repairs to its sole long-term tenant, USC; (b) inadequate presentation of an accurate description and explanation of the structural deficit inherent in the Commission's operating business model; (c) options available to address that deficit; and (d) serious deficiencies in internal management policies and controls. In addition, the absence of a significant number of events held at the Commission's facilities during the year ended June 30, 2013 negatively impacted overall operating revenue.

Specific events occurring during the year ended June 30, 2013 included the following:

1. The Commission continued its civil litigation filed in November 2011 (County of Los Angeles Superior Court Case # BC472814) against the former General Manager, the former Assistant General Manager of Events, and other parties, alleging fraud and embezzlement, and seeking restitution. As of June 30, 2013, the Commission's civil complaint has not yet been adjudicated or settled.
2. On July 18, 2012, the Los Angeles Times and Californians Aware (collectively, the Petitioners) filed a Petition for Writ of Mandate and Declaratory Relief against the Coliseum Commission alleging violations of: (1) the Ralph Brown Act (the Brown Act) during the process of consideration and approval of the Amended and Restated USC Lease; and (2) various violations of the California Public Records Act (the CPRA). The Court issued its ruling on October 4 and judgment based on the Court's ruling was entered on October 22, 2013. The Court's judgment holds that the Commission violated the Brown Act and requires the Commission to record all future closed sessions for three years. Notably, the Court denied the Petitioners' request to declare null and void the Commission's vote approving the Amended and Restated USC Lease. The judgment also declares the Commission violated the CPRA and requires the Commission to conduct certain searches and produce certain documents forthwith. The Commission has produced some of the documents and is in the process of conducting the necessary searches in an effort to identify additional documents. The judgment in this case also states that the Petitioners are entitled to recover their attorneys' fees in this case. The Petitioners have submitted a demand for attorneys' fees and costs of approximately \$415,000 to settle the issue of attorneys' fees rather than proceed before the Court with a motion on the issue. The Commission's insurance carrier has agreed to pay the fees on behalf of the Commission following an appropriate review of the charges. Therefore, the Commission recorded an accrued expense liability and corresponding account receivable of approximately \$415,000 at year-end with regard to this legal matter, and this is included in the accompanying statement of net position at year-end.
3. During the summer of 2012, USC completed capital improvements to the Coliseum by replacing the Coliseum field and upgrading the Coliseum video room at a total cost of \$471,830. The assets and corresponding liabilities to USC are included in the financial records herein. USC will forgive the debt if the Commission resolves its alleged default of its sublease obligations with USC. Otherwise, the liability accrues interest at 6 percent per annum with equal payments due over the remaining years of the initial term of the 2008 sublease (through June 30, 2033). Subsequent to year-end, as a result of the restated and amended sublease agreement with USC, this liability was forgiven.
4. In January 2013, the State of California Science Center (CSC or the State) formally notified the Commission that the Commission was in default for not making the semi-annual payment of \$500,000 to that body on December 31, 2012 for the period of July 1, 2012 through December 1, 2013 pursuant to the lease amendment of February 13, 2008. Discussions ensued in March/April 2013 between the Commission and CSC about not only this matter, but also the Commission's position regarding amounts owed to the Commission from CSC regarding the purchase of the Commission's real property assets in Exposition Park Lot 1 and Lot 3 and Jesse Brewer Park.

In May 2013, the Commission approved a proposed settlement with the State that would cancel and fully resolve several outstanding matters pertaining to Exposition Park, including: (a) the amounts owed the Commission by the State from the Commission's purchases and improvement in 1989-1991 of five private property parcels for expansion of the parking areas in Exposition Park at a cost to the Commission of \$7 million; (b) the estimated \$800,000 owed the Commission by the State since 2006 for the use of the aforementioned parcels in Exposition Park Lot 3 by the State, pursuant to the terms of a revenue-sharing agreement that had been executed in 1997; (c) the estimated \$125,000 owed by the Commission to the State for the use of a portion of North and South Coliseum Drive on USC football game dates; and (d) the rent due to the State from the Commission since July 1, 2012 until the effective date of the Second Amendment to the USC-Coliseum Commission lease, after which date USC would be responsible for the semiannual rent payments, as part of the transfer of overall Coliseum/Sports Arena operations. In June 2013, the CSC Board of Directors also approved the proposed settlement.

As of November 26, 2013, the State Department of General Services was reviewing the preliminary settlement prior to its submittal to the State of California Public Works Board in Fall 2013 for final approval. Management believes approval of the proposed settlement agreement is expected to be approved by the State Department of Public Works Board. As a result, the Commission recorded an impairment charge of approximately \$6.0 million, which is the difference between the \$7.1 million cost of the parking lots and the liability of approximately \$1.1 million due to the State for rent due for the period from July 1, 2012 through July 28, 2013.

5. In February 2013, the Commission initiated civil litigation against its predecessor auditor, SingerLewak LLP (County of Los Angeles Superior Court Case # BC 501112), alleging gross negligence by that firm in the fulfillment of its responsibilities as the Commission's internal auditor. As of June 30, 2013, the Commission's civil complaint has not yet been adjudicated or settled.
6. In March 2013, the Commission executed a loan agreement with USC providing a secured line of credit for \$1.5 million, using the Commission's real property (6,000 square feet) and improvements (the Freeway Sign) at 3843 S. Grand Avenue as collateral. In May 2013, the Commission drew down \$1.0 million.
7. In April 2013, the Commission reached a settlement agreement with the International Alliance of Theatrical Stage Employees (IATSE) and its trust funds for \$750,000 as a result of cash payments that appeared to have been improperly made during 2008, 2009 and 2010 for compensation related to the provisions of services provided by members of the IATSE employees without proper withholding of taxes and other related employee benefits (union trust funds) through an appropriate payroll system mechanism. In April 2013, the Commission received a \$150,000 payment from one of its insurance carriers, which was applied to the liability due to IATSE.

A settlement was reached by the Commission and the U.S. Internal Revenue Service (IRS) in May 2013 for approximately \$140,000, which was paid during the year ended June 30, 2013, regarding the failure by the previous Commission management to ensure that the payments to such IATSE employees during 2008, 2009 and 2010 included the appropriate withholding of federal income taxes.

In June 2013, the Commission paid approximately \$22,000 to the State's Economic Development Department an amount calculated to be the amount of state taxes that should have been similarly withheld by the Commission from the same IATSE compensation transactions in 2008, 2009 and 2010 and paid to the State of California, plus penalties and interest.

As the settlements were paid during the year ended June 30, 2013, no amounts were accrued as of June 30, 2013. The Commission had previously estimated and recorded the liability related to these issues as \$925,000 in previous years.

8. In May 2013, one of the Commission's insurance carriers issued an insurance payment of \$1.0 million to the Commission under the claim filed by the Commission in July 2011 regarding the alleged thefts by the previous assistant general manager—events (see item 1 above). As of June 30, 2013, the Commission had not yet received from its insurance carrier any payment under the second claim filed by the Commission in February 2012 regarding the alleged thefts by one or more employees involved in the IATSE cash payment compensation arrangements in 2008, 2009 and 2010, as described in item 7 above.
9. In May 2013, the Commission's governing body approved the proposed Second Amendment to the USC-Coliseum Commission sublease dated May 14, 2008. The Commission had approved the revision to the USC-Coliseum Commission sublease on May 14, 2012, but the sublease modification had not yet been finalized due to the separate negotiations underway between USC and the State during the year ended June 30, 2013 regarding the use of Exposition Park parking lots and other matters not within the purview of the Coliseum Commission. As previously explained, the Second Amendment would transfer management responsibility of the Coliseum and Sports Arena to USC as part of an agreement by USC to rescind its notice of default against the Commission, which it had issued on October 4, 2011. Final modifications approved by the Commission in May 2013 were to ensure that the Second Amendment would be consistent with the terms of the separate State-USC agreements that had been negotiated since May 14, 2012.

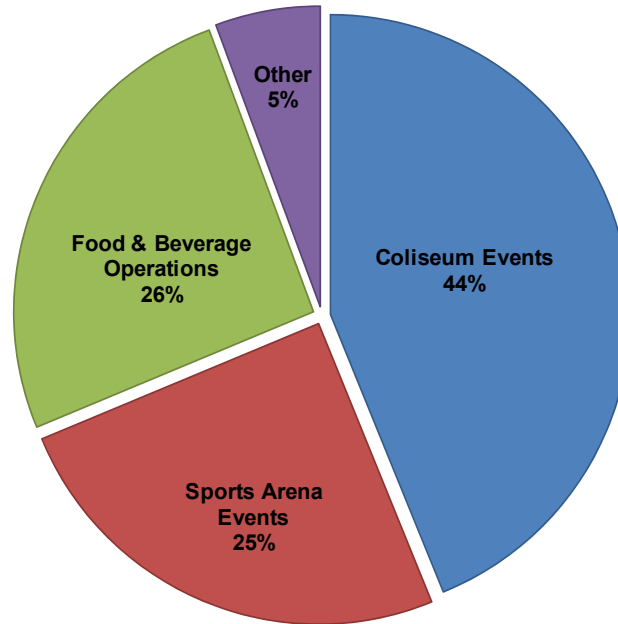
Subsequent to year-end, on July 25, 2013, USC and the Commission executed the Second Amendment, which took effect on July 29, 2013, with an expiration date of December 16, 2013 for the Second Amendment if the separate State-USC agreements were not executed by that date. On September 5, 2013, USC formally notified the Commission that the State-USC agreements had been executed on September 4, 2013, thereby removing the December 16, 2013 expiration date for the Second Amendment. As a result, the expiration date of the Second Amendment is now December 31, 2054, co-terminus with the expiration date of December 31, 2054 for the Commission's two leases with the State dated January 3, 1956 for the Coliseum and Sports Arena properties. As a result, the Commission will realize an asset impairment loss of approximately \$10.5 million in July 2013, since the Commission will no longer benefit from the Coliseum and Freeway Sign buildings, improvements and personal property throughout the remaining useful life of these assets (see Note 9 to the financial statements).

In summary, during the period of July 1, 2012 through June 30, 2013, the Commission continued to address the series of difficult circumstances that continued from the prior year. As of June 30, 2013, the observations set forth in the prior year's report remained as to: (a) the viability of the revenue assumptions (rent, advertising/naming rights, parking, food and beverage, premium seating, self-sponsored events) in the business model historically followed by the Commission; and (b) the lack of sufficient resources available to fund capital renewal projects as obligated in the sublease agreement with USC. As of June 30, 2013, the Commission's resolution of these issues was contingent upon the execution of the Second Amendment to the USC-Coliseum Commission Lease of May 14, 2008 (see item 9 above).

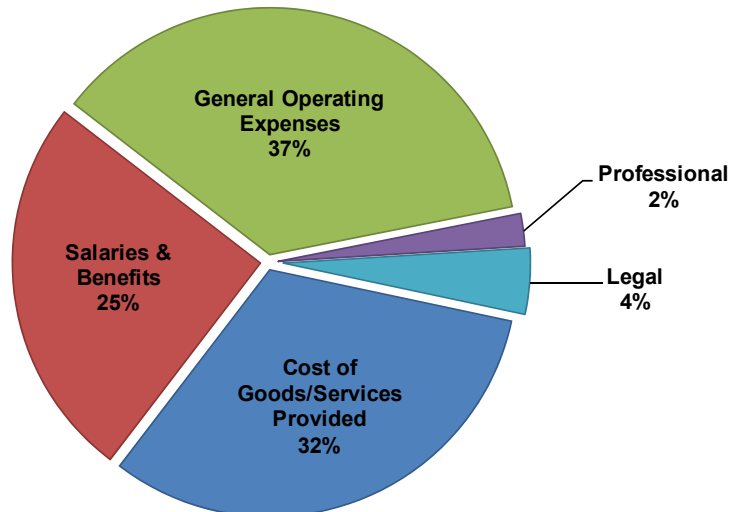
Table 2
Statements of Revenues and Expenses

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Coliseum Events	\$ 5,067,700	\$ 6,778,141
Sports Arena Events	2,873,010	2,342,198
Food and Beverage Operations	2,962,632	4,383,707
Other	652,593	787,711
Total Operating Revenues	<u>11,555,935</u>	<u>14,291,757</u>
Operating Expenses:		
Cost of Goods/Services Provided:		
Coliseum Events	2,932,341	4,006,745
Sports Arena Events	1,716,753	1,282,582
Food and Beverage Operations	582,453	936,420
Salaries and Benefits	4,093,782	4,409,222
General Operating Expenses	5,943,987	5,944,600
Professional	349,601	522,874
Legal	703,661	693,673
Total Operating Expenses	<u>16,322,578</u>	<u>17,796,116</u>
Nonoperating Revenues (Expenses):		
Interest, net	(54,797)	(48,399)
Losses From Write-Offs and Impairments of Capital Assets	(6,040,365)	(57,463)
Settlement Income, net	631,500	211,750
Other	(1,023)	(4,865)
Total Nonoperating Revenues (Expenses)	<u>(5,464,685)</u>	<u>101,023</u>
Change in Net Position	<u>\$ (10,231,328)</u>	<u>\$ (3,403,336)</u>

**Los Angeles Memorial Coliseum Commission
and Los Angeles Memorial Coliseum Association, Inc.
FYE 2013 Operating Revenues**



**Los Angeles Memorial Coliseum Commission
and Los Angeles Memorial Coliseum Association, Inc.
FYE 2013 Operating Expenses**



During the fiscal year ended 2013, the Commission's Sports Arena events revenues improved by 23 percent from the previous year. However, the Coliseum events and total food and beverage revenues decreased by 25 percent and 32 percent, respectively. The overall total revenue decline was 19 percent, and much lower than necessary to support ongoing operations. The operating expenses remained relatively consistent despite the decrease in revenues. As a result, the Coliseum Commission and the Association incurred a combined operating loss of approximately \$4.8 million during the fiscal year ended 2013 compared with the \$3.5 million operating loss experienced during the fiscal year ended 2012.

During the fiscal year ended 2013, the Commission also experienced nonoperating losses of \$5.5 million. The specific events that led to these losses are described in items 1-9 above.

BUDGETARY HIGHLIGHTS

The Commission operated within its budgeted amount for fiscal year 2013. Specifically, the actual results of operations were 12 percent better than expected. Some of the more significant budget variances are as follows:

- Total operating revenue was 6 percent higher than budgeted. Specifically, the operating revenue for the Sports Arena was 23 percent higher than budgeted. This was primarily due to an additional two rock concerts after the mid-year budget adjustment was prepared.
- Total operating expenses equaled the budgeted amount. However, within specific expenditure categories, (1) the cost of Sports Arena events was higher by 11 percent due to two unanticipated rock concerts; (2) food and beverage costs were lower by 17 percent; (3) utility costs were 15 percent less than expected due to more accurate reimbursements from promoters and increased cost-saving measures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013, the Commission had \$12.6 million (net of \$2.6 million in related debt) invested in a broad range of capital assets ranging from the original Coliseum and Sports Arena structures, building improvements, parking lots, a freeway sign, concessions stands and equipment, and various other assets. All capital assets, except for land—parking lots and freeway sign, are on leased land. The net carrying value of the Commission's capital assets decreased by \$8.1 million, or 35 percent, over last year, primarily as a result of the \$6.0 million impairment loss recognized on the land used for parking (as discussed in item 4 above) and depreciation of approximately \$2.5 million, offset by approximately \$480,000 of capital additions. The classes and net balances of the Commission's capital assets are included in Table 3 on the following page.

Table 3
Capital Assets at June 30

	<u>2013</u>	<u>2012</u>
Nondepreciable:		
Land—Parking Lots and Freeway Sign	\$ 1,183,589	\$ 7,223,954
Construction in Progress	-	5,513
Depreciable:		
Building and Building Improvements	13,181,750	15,201,274
Furniture and Equipment	818,419	855,170
Other Assets	37,449	37,314
Total Net Capital Assets	<u>\$ 15,221,207</u>	<u>\$ 23,323,225</u>

USC completed capital improvements to the Coliseum to replace the Coliseum field and upgraded the Coliseum video room during fiscal year 2013 at a cost of \$471,830. The assets and corresponding liabilities to USC for these capital assets are included in the financial records herein. Subsequent to year-end, the liability was forgiven as part of the restated and amended sublease agreement with USC in July 2013. More detailed information about the Commission's capital assets is presented in Note 8 to the financial statements.

Long-Term Liabilities

The Commission has a long-term liability related to financing of the video board capital addition for the Coliseum. The purchase was made in December 2010 at the cost of \$5.7 million, of which \$2.28 million was paid in cash and the remaining \$3.4 million was financed at 1.9 percent interest over five years, commencing in August 2011. The video board was installed in August 2011 and the entire project was completed in December 2011. As a result of the restated and amended sublease agreement with USC in July 2013, the liability is being paid by USC.

The Commission has a long-term liability related to the cumulative unpaid annual required contributions for the retiree healthcare plan, which is classified as an other postemployment benefits plan. The unpaid portion of the Commission's annual required contribution is recorded as a long-term liability.

The Commission also has straight-line rent accrual established related to the difference between the scheduled rent payments and the amount expensed using the straight-line method for amounts due under the lease terms to the State under the separate lease agreements signed in February 2008 for the Coliseum and the Sports Arena, each of which extend through December 31, 2054.

For the period through December 31, 2015, the annual rent payments remain unchanged at \$1.0 million per year, increasing to \$1.3 million in 2016 and adjusted annually thereafter by a formula based on the annual change in the U.S. Consumer Price Index. Because the rent through 2015 is below the average rent called for in the lease through 2054, the deferred portion of the rent is categorized as a long-term liability and will be amortized down in years 2016 through 2054.

More detailed information about the Commission's long-term liabilities is presented in Notes 5, 6, 7 and 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Commission's governing board adopted a budget in July 2013 (and amended in November 2013) for fiscal year 2013-2014, to allow for the transfer to USC of responsibilities for (a) year-round management activities; and (b) short-term and long-term capital renewal needs of the Coliseum and Sports Arena. In addition, the revised budget included a provision for the Commission's administrative functions to be handled by the County Executive Office of the Board of Supervisors, beginning no later than January 1, 2014.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, you may send your written request to:

Executive Director
Los Angeles Memorial Coliseum Commission
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 383
Los Angeles, CA 90012

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Statement of Net Position

June 30, 2013

(With comparative totals for June 30, 2012)

Assets (Note 9)	2013	2012
Current Assets		
Cash and cash equivalents (Note 3)	\$ 2,873,497	\$ 2,084,800
Accounts receivable, less allowance for doubtful accounts of 2013 \$271,093; 2012 \$44,960	583,362	605,172
Other receivable (Note 8)	415,000	-
Food inventories	126,240	165,727
Prepaid expenses	180,638	23,817
Total current assets	4,178,737	2,879,516
Noncurrent Assets		
Capital assets, net (Notes 4 and 5)	15,221,207	23,323,225
Total assets	\$ 19,399,944	\$ 26,202,741
Liabilities and Net Position (Note 9)		
Current Liabilities		
Accounts payable and other accrued expenses	\$ 2,194,728	\$ 1,700,755
Accrued payroll and employee benefits	447,760	1,412,183
Advance ticket sales	2,004,567	14,623
Deferred revenue	201,917	77,334
Current portion of long-term debt (Note 5)	682,665	669,751
Total current liabilities	5,531,637	3,874,646
Noncurrent Liabilities		
Postretirement healthcare plan (Note 7)	2,352,201	1,625,605
Straight-line rent accrual (Note 8)	1,369,149	1,120,212
Long-term debt, less current portion (Note 5)	2,943,452	2,147,445
Total liabilities	12,196,439	8,767,908
Commitments and Contingencies (Notes 6, 7 and 8)		
Net Position		
Net investment in capital assets	12,601,933	20,506,029
Unrestricted deficit	(5,398,428)	(3,071,196)
Total net position	7,203,505	17,434,833
Total liabilities and net position	\$ 19,399,944	\$ 26,202,741

See Notes to Financial Statements.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

**Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2013
(With comparative totals for year ended June 30, 2012)**

	2013	2012
Operating revenues (Note 10):		
Coliseum events	\$ 5,067,700	\$ 6,778,141
Sports Arena events	2,873,010	2,342,198
Food and beverages	2,962,632	4,383,707
Advertising	415,095	380,119
Other	237,498	407,592
Total operating revenues	11,555,935	14,291,757
Operating expenses:		
Cost of goods/service provided:		
Coliseum events	2,932,341	4,006,745
Sports Arena events	1,716,753	1,282,582
Food and beverage operations	582,453	936,420
Salaries and benefits (Notes 6, 7 and 8)	4,093,782	4,409,222
Rent (Note 8)	1,248,936	1,439,212
General operating expenses	1,102,002	1,024,871
Insurance	523,077	447,575
Utilities	527,776	598,691
Professional	349,601	522,874
Legal	703,661	693,673
Marketing	-	2,280
Depreciation and amortization	2,542,196	2,431,971
Total operating expenses	16,322,578	17,796,116
Total operating loss	(4,766,643)	(3,504,359)
Nonoperating revenues (expenses):		
Interest income	38	6,729
Interest expense	(54,835)	(55,128)
Losses from write-offs and impairments of capital assets (Note 4)	(6,040,365)	(57,463)
Settlement income, net (Note 8)	631,500	211,750
Other	(1,023)	(4,865)
Total nonoperating revenues (expenses), net	(5,464,685)	101,023
Change in net position	(10,231,328)	(3,403,336)
Net position, beginning of year	17,434,833	20,838,169
Net position, end of year	\$ 7,203,505	\$ 17,434,833

See Notes to Financial Statements.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Statement of Cash Flows

Year Ended June 30, 2013

(With comparative totals for year ended June 30, 2012)

	2013	2012
Cash Flows From Operating Activities		
Receipts from customers	\$ 13,460,114	\$ 10,366,679
Payments to suppliers	(9,243,866)	(8,581,574)
Payments to employees	(4,331,609)	(3,652,159)
Net cash used in operating activities	(115,361)	(1,867,054)
Cash Flows From Capital and Related Financing Activities		
Construction and acquisition of capital assets	(8,713)	(714,550)
Cash received on disposition of capital assets	-	18,999
Interest paid	(47,992)	(55,128)
Payment on notes payable	(669,752)	(602,804)
Net cash used in capital and related financing activities	(726,457)	(1,353,483)
Cash Flows From Investing Activities		
Interest received	38	6,729
Cash received on settlement	631,500	211,750
Other financing payment	(1,023)	(4,865)
Net cash provided by investing activities	630,515	213,614
Cash Flows From Financing Activities		
Advances on line of credit	1,000,000	-
Net increase (decrease) in cash and cash equivalents	788,697	(3,006,923)
Cash and Cash Equivalents, beginning of year	2,084,800	5,091,723
Cash and Cash Equivalents, end of year	\$ 2,873,497	\$ 2,084,800
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating loss	\$ (4,766,643)	\$ (3,504,359)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debt expense	232,158	-
Depreciation and amortization	2,542,196	2,431,973
Increase in straight-line rent accrual	248,937	248,936
(Increase) decrease in:		
Receivables	(625,348)	1,044,228
Prepaid expenses	(156,821)	843,203
Inventory	39,487	(79,664)
Increase (decrease) in:		
Accounts payable and other accrued expenses	493,973	1,360,872
Accrued payroll and employee benefits	(237,827)	757,063
Advance ticket sales	1,989,944	(4,675,278)
Deferred revenue	124,583	(294,028)
Net cash used in operating activities	\$ (115,361)	\$ (1,867,054)

(Continued)

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

**Statement of Cash Flows (Continued)
Year Ended June 30, 2013
(With comparative totals for year ended June 30, 2012)**

	2013	2012
Supplementary Information of Noncash Transactions		
Advance on capital assets acquired	\$ 471,830	\$ -
Interest capitalized on debt	\$ 6,843	\$ -
Loss on disposal of capital assets	\$ -	\$ 57,463
Impairment of capital assets	\$ 6,040,365	\$ -

See Notes to Financial Statements.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization: The Los Angeles Memorial Coliseum Commission (the Coliseum Commission) was created pursuant to the Government Code of the State of California (the State) under a Joint Powers Agreement (JPA) between the City of Los Angeles (the City), the County of Los Angeles (the County), and the Sixth District Agricultural Association or California Science Center (CSC), an institution of the State (hereinafter referred to as the Parent Bodies). The Coliseum Commission is empowered to manage the Los Angeles Memorial Coliseum (the Coliseum) and the Los Angeles Memorial Sports Arena (the Sports Arena).

In February 1996, under the JPA, the Los Angeles Memorial Coliseum Association, Inc. (the Association) was established as a non-profit 501(c)(3) corporation in the State of California, which is the entity that provides the food and beverage operations to the Coliseum Commission. The operations of the Association are the responsibility of the Coliseum Commission; however, the day-to-day activities are conducted under the authority of the general manager of the Coliseum Commission. As the operations of the Association are overseen by and for the benefit of the Coliseum Commission, the results of the Association are combined with those of the Coliseum Commission (collectively, the Commission). The Association is a blended component unit in the financial statements.

A summary of the Commission's significant accounting policies is as follows:

Financial statement presentation: The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units and the Commission is accounted for as a proprietary fund (more specifically, an enterprise fund). The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The Commission records revenue primarily from fees and other charges for services to external users and reports its financial statements under guidance for special purpose entities engaged in only business-type activities. This model allows all financial information for the Commission to be reported in a single column in the basic financial statements.

The accompanying financial statements include the accounts of the Commission and the Association. All material-related party balances and transactions have been eliminated.

Cash and cash equivalents: Cash and cash equivalents represent demand deposit accounts at banks and funds invested in cash management pools with the City that have the general characteristics of a demand deposit account. For purposes of the statement of cash flows, the Commission considers these investments to be cash equivalents. Investments with a maturity of three months or less when purchased are also considered to be cash equivalents.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history and current economic conditions. An account receivable is considered past due if any portion of the receivable balance is outstanding for more than 30 days. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Prepaid expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the accompanying statement of net position. The majority of the Commission's prepaid expenses are related to events and insurances.

Food inventories: Food inventories are stated at the lower of cost or market, with cost being determined by the first-in, first-out (FIFO) method. Management periodically reviews for slow-moving and/or obsolete inventories.

Capital assets: Capital assets are stated at cost or at the estimated fair value at the date of contribution, if contributed.

Depreciation is computed on the straight-line basis, starting in the year of acquisition, over the estimated useful lives of the respective assets, ranging from three to 10 years for equipment and 20 years for building improvements and structures. Maintenance and repair costs are expensed when incurred. Upon sale or other disposition, any gain or loss is included in income.

Accrued vacation: Each employee must complete a period of 12 consecutive months of service before qualifying for accrued vacation benefits. Full-time Commission employees and certain other employees are able to accrue vacation from 11 days a year up to 25 days a year, dependent on the years of service. Full-time employees covered under a collective bargaining agreement accrue vacation from 10 days a year up to 20 days a year, dependent on years of service. Accrued vacation as of June 30, 2013 totaled \$201,034 and is included in accrued payroll and employee benefits in the accompanying statement of net position.

Accrued sick leave: Accrued sick leave amounted to \$134,469. Permanent, full-time employees who are not part of any collective bargaining agreement with the Commission must complete a period of six consecutive months of service before qualifying for sick leave. Every employee is allowed 96 hours at full pay and 40 hours at 75 percent of full pay each calendar year. Any unused balance of sick leave at full pay and at 75 percent of full pay at the end of each calendar year is carried over and accumulated from one calendar year to the next to a maximum of 800 hours. At the end of each calendar year, any amount over 800 hours of sick leave at full pay is compensated to the employee at 50 percent of their current salary rate. Upon retirement or death, the employee or beneficiary receives any balance of accumulated sick leave up to a maximum of 800 hours at 50 percent of the employee's salary rate on the date of retirement or death. An employee who has not reached the minimum retirement age of 50 does not receive any of their accumulated sick leave upon termination.

Advance ticket sales: Advance ticket sales amounted to \$2,004,567. Advance ticket sales are for future events to be held at the Coliseum or Sports Arena.

Straight-line rent accrual: Rent expense is recorded on a straight-line basis over the term of the lease. Amounts recorded as expense over amounts paid are recorded as straight-line rent accrual in the statement of net position.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Net position: Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on notes payable that are attributable to the acquisition, construction or improvement of capital assets. Deferred outflows and deferred inflows attributable to the acquisition, construction or improvements of capital assets or related debt are included as a component of net position. Net position is reported as restricted when there are limitations imposed on its use, either through legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted resources are used first to fund applicable appropriations.

Revenue recognition: The Commission recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable. Event revenues are considered earned once the event has occurred. Food and beverage sales are considered earned upon point of sale.

Operating revenues and operating expenses: Operating revenues include gross receipts from rent, reimbursable costs and concession sales. Operating expenses represent the direct and indirect costs for the operations of the Commission for all events during the year and direct costs of concession sales. Revenues and expenses outside the normal course of operations are recorded as nonoperating revenues and expenses in the statement of revenues, expenses and changes in net position. Nonoperating revenues and expenses consist primarily of interest income, impairment on capital assets, and gain or loss on disposition of assets and contributions.

Taxation: As a joint powers authority, the Commission is not subject to income or franchise taxation by federal or state authorities. The Association is recognized by the Internal Revenue Service (IRS) as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates and assumptions made by management include, but are not limited to, contingent assets and liabilities, allowance for uncollectible receivables, inventory reserves and the recoverability of the carrying value of long-lived assets.

Major customer concentration: During the year ended June 30, 2013, the Commission had one major customer with sales representing approximately 33 percent of total revenues. The account receivable balance due from this customer represents approximately 13 percent of total accounts receivable, net, as of June 30, 2013.

Pronouncement issued and implemented during the year ended June 30, 2013: GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the various pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Pronouncement issued and not implemented during the year ended June 30, 2013: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued in June 2012 and improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement requires the liability of employers and non-employer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. This Statement is effective for fiscal years beginning after June 15, 2014. The Commission is currently evaluating the impact that adoption will have on its financial statements.

Note 2. Component Units of the Commission

The following is the condensed combining detail for the statement of net position as of June 30, 2013:

	Coliseum Commission	Association	Eliminations	Combined
Current assets	\$ 3,643,241	\$ 535,496	\$ -	\$ 4,178,737
Due from related party	683,823	1,530	(685,353)	-
Capital assets	14,498,011	723,196	-	15,221,207
Total assets	18,825,075	1,260,222	(685,353)	19,399,944
Current liabilities	5,401,127	130,510	-	5,531,637
Due to related party	65,498	619,855	(685,353)	-
Long-term liabilities	6,664,802	-	-	6,664,802
Total liabilities	12,131,427	750,365	(685,353)	12,196,439
Net investment in capital assets	11,878,737	723,196	-	12,601,933
Unrestricted	(5,185,089)	(213,339)	-	(5,398,428)
Total net position	\$ 6,693,648	\$ 509,857	\$ -	\$ 7,203,505

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 2. Component Units of the Commission (Continued)

The following is the condensed combining detail for the statement of revenues, expenses and changes in net position for the year ended June 30, 2013:

	Coliseum Commission	Association	Eliminations	Combined
Operating revenues:				
Coliseum events	\$ 5,067,700	\$ -	\$ -	\$ 5,067,700
Sports Arena events	2,873,010	-	-	2,873,010
Food and beverage sales	-	2,962,632	-	2,962,632
Rental revenue from related party	1,165,200	-	(1,165,200)	-
Other income	600,576	52,017	-	652,593
Total operating revenues	9,706,486	3,014,649	(1,165,200)	11,555,935
Operating expenses:				
Other operating expenses	11,787,581	1,992,801	-	13,780,382
Depreciation and amortization	2,412,815	129,381	-	2,542,196
Rental expense to related party	-	1,165,200	(1,165,200)	-
Total operating expenses	14,200,396	3,287,382	(1,165,200)	16,322,578
Operating loss	(4,493,910)	(272,733)	-	(4,766,643)
Nonoperating revenues (expenses):				
Other nonoperating expenses	(5,457,161)	(7,524)	-	(5,464,685)
Total nonoperating expenses	(5,457,161)	(7,524)	-	(5,464,685)
Change in net position	(9,951,071)	(280,257)	-	(10,231,328)
Beginning net position	16,644,711	790,122	-	17,434,833
Ending net position	\$ 6,693,640	\$ 509,865	\$ -	\$ 7,203,505

The following is the condensed combining detail for the statement of cash flows for the year ended June 30, 2013:

	Coliseum Commission	Association	Combined
Net cash (used in) provided by operating activities	\$ (406,439)	\$ 291,078	\$ (115,361)
Net cash used in capital financing activities	(726,457)	-	(726,457)
Net cash (used in) provided by investing activities	638,039	(7,524)	630,515
Net cash provided by debt financing	1,000,000	-	1,000,000
Beginning cash and cash equivalents balances	1,976,965	107,835	2,084,800
Ending cash and cash equivalents balances	\$ 2,482,108	\$ 391,389	\$ 2,873,497

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of June 30, 2013:

Cash on hand	\$ 39,920
Deposits with financial institutions	2,703,254
City of Los Angeles Investment Pool	130,323
Total cash and cash equivalents	<u>\$ 2,873,497</u>

Investments authorized by the California Government Code and the Coliseum Commission: Statutes authorize the Commission to invest its cash and cash equivalents, other than funds held in trust, in the City of Los Angeles Investment Pool. The Commission is authorized to invest the funds held in trust in depository accounts, certificates of deposit, commercial paper and U.S. Treasury securities.

The table below identifies the investment types that are authorized for the Commission's investments. The table also identifies interest rate risk, credit risk and concentration of credit risk of the Commission's investments.

	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Percentage in One Issuer
City of Los Angeles Investment Pool	N/A	None	None

As of June 30, 2013, \$130,323 was invested in the City of Los Angeles Investment Pool. These cash equivalents have the general characteristics of a demand deposit account, and while it does not have ownership of specific underlying deposits and securities of the pool, the Commission can draw on its proportionate share of the pool on demand. Earnings on the "Coliseum Capital Projects" fund portion of the pool are allocated monthly to the Commission based upon the average daily balances' pro rata share of the pool. The earnings on the "Coliseum and Sports Arena" fund portions of the pool are allocated monthly to the City of Los Angeles General Fund. The City of Los Angeles Investment Pool is not rated.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally organized statistical rating organization.

Concentration of credit risk: The Commission's investments contain no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Custodial credit risk: As of June 30, 2013, the carrying amount of the Commission's deposits at financial institutions was \$2,703,254, and the bank balance was \$2,871,480. Of the bank balance, \$250,000 at June 30, 2013 was covered by federal depository insurance, with the remaining portion collateralized by the pledging financial institutions through a pool of securities held to collateralize all public deposits the institution holds.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 4. Capital Assets

The basis of the principal classes of capital assets and the accumulated depreciation and amortization consists of the following:

	2012	Reclassifications	Additions	Impairment	Disposals	2013
Nondepreciable:						
Land—parking lots and freeway sign (Note 9)	\$ 7,223,954	\$ -	\$ -	\$ (6,040,365)	\$ -	\$ 1,183,589
Construction in progress	5,513	(5,513)	-	-	-	-
Depreciable:						
Building and building improvements on leased land	47,248,689	5,513	255,437	-	-	47,509,639
Furniture and equipment	2,211,614	-	216,428	-	(39,622)	2,388,420
Other assets	54,471	-	8,678	-	-	63,149
Total	56,744,241	-	480,543	(6,040,365)	(39,622)	51,144,797
Less accumulated depreciation and amortization	(33,421,016)	-	(2,542,196)	-	39,622	(35,923,590)
Total	\$ 23,323,225	\$ -	\$ (2,061,653)	\$ (6,040,365)	\$ -	\$ 15,221,207

During the year, capital improvements totaling \$480,543 were completed on Coliseum Commission owned properties. Included in this amount are improvements to the Coliseum video room totaling \$471,830, which were funded by USC, with a corresponding liability to the Coliseum Commission included in accounts payable and other accrued expenses in the accompanying statement of net position (see Note 8).

Land impairment: In January 2013, the CSC formally notified the Commission that the Commission was in default for not making the semi-annual payment of \$500,000 to that body on December 31, 2012 pursuant to the lease agreement with the State. Discussions ensued in March 2013 and April 2013 between the Commission and State representatives regarding certain parking lot parcels (see Note 8) and various other matters. In May 2013, proposed terms for the settlement of various issues with the Commission and the State in regard to the default of the semi-annual payment were approved by the Commission. The basic terms of the proposed settlement with the State included the transfer of five private property parking lot parcels owned by the Commission, which have a book value of approximately \$7.1 million, to the State for \$1. In turn, the State would waive the rental payments due to the State, which approximated \$1 million at the time of the accepted terms.

Due to the matter of the transfer of real property to the State, the proposed settlement agreement between the Commission and the State requires approval by the State of California Public Works Board (SPWB). As of June 30, 2013, the State Department of General Services was reviewing the proposed agreement prior to its submittal to the SPWB, which management expects to happen in December 2013 for final approval. Management believes approval of the proposed settlement agreement is expected to be approved by the SPWB. As a result of these events, the Commission recorded an impairment loss of approximately \$6.0 million to write down the value of the parking lot parcels to the estimated realizable value as of June 30, 2013.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 5. Long-Term Debt and Subsequent Events

USC line of credit: In March 2013, the Commission executed an agreement with USC providing a line of credit for \$1.5 million secured by Commission's real property, Freeway Sign located at 3843 S. Grand Avenue, Los Angeles, California. In May 2013, the Commission drew down \$1.0 million. The outstanding balance bears an interest rate of 6 percent per annum and is due on May 16, 2014. Subsequent to year-end, the agreement was amended to extend the maturity date to July 29, 2023 as part of the amended and restated sublease agreement in July 2013 with USC (see Note 9).

USC capital advance: In exercising one of its remedies under the 2008 sublease agreement, USC replaced the Coliseum field and upgraded the Coliseum video room during the year ended June 30, 2013 at a total cost of \$471,830. The amount was funded by USC; however, the amount was required to be repaid over the remaining years of the initial term of the 2008 sublease (through June 30, 2033) at an annual rate of 6 percent in the event the sublease agreement was not fully executed. Subsequent to year-end, on July 29, 2013, the Commission entered into an amended and restated sublease agreement with USC, in which USC agreed to forgive the debt.

Video board note payable: The Commission purchased a video board for the Coliseum Commission for approximately \$5.7 million during the year ended June 30, 2011. The Commission paid \$2.28 million in cash on the purchase and financed the remaining balance of \$3.42 million. Monthly payments of \$59,812 commenced in August 2011. The note bears interest at 1.9 percent per annum and is due over five years. Subsequent to year-end, in connection with the amended and restated sublease agreement in July 2013 with USC (see Note 9), USC agreed to pay the note, on a monthly basis, directly to the lender on behalf of the Commission until its maturity.

Current year activity of long-term debt during the fiscal year ended June 30 is as follows:

	June 30, 2012	Additions	Non-Cash Additions	Payments	June 30, 2013
Long-term debt:					
USC line of credit	\$ -	\$ 1,000,000	\$ 6,843	\$ -	\$ 1,006,843
USC capital advance	-	-	471,830	-	471,830
Video board	2,817,196	-	-	(669,752)	2,147,444
Total long-term debt	<u>\$ 2,817,196</u>	<u>\$ 1,000,000</u>	<u>\$ 478,673</u>	<u>\$ (669,752)</u>	<u>\$ 3,626,117</u>

Future minimum payments under the agreements at June 30, 2013 are as follows:

Years Ending June 30,	Principal	Interest	Total Payments
2014	\$ 682,665	\$ 35,081	\$ 717,746
2015	695,825	21,919	717,744
2016	709,240	8,504	717,744
2017	59,714	95	59,809
2018	-	-	-
Thereafter	1,478,673	796,259	2,274,932
	<u>\$ 3,626,117</u>	<u>\$ 861,858</u>	<u>\$ 4,487,975</u>

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 6. Retirement Pension Plan

Plan description: The Commission contributes to a defined benefit pension plan (the Plan), which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Menus of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. The Commission selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issued a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814.

Substantially all permanent Commission employees are eligible to participate in the Plan. Benefits vest after five years of service. Commission employees may retire at or after age 50 with five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. The Plan is based on a 2.5 percent at age 55 formula allowing employees retiring at age 55 with a minimum of five years of service to receive a benefit of 2.5 percent of their yearly salary (based on the average of the highest 36 consecutive months of service) multiplied by their number of years of service. Employees who retire earlier than age 55 receive less than 2.5 percent for each year of service. The Plan also provides death benefits. These benefit provisions and all other requirements are established by state statute.

Funding policy: Active Plan members are required to contribute 8 percent of their annual covered salary. The Commission is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the Plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

Annual pension cost: For the years ended June 30, 2013, 2012 and 2011, the Commission contributed \$131,203, \$147,963 and \$89,143, respectively, of the required annual contributions to the Plan. The required contribution was determined using the entry-age-normal-actuarial-cost method with the contributions determined as a percentage of pay. The actuarial assumptions included (a) a 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.55 percent to 14.45 percent for Plan members, and (c) a 2.0 percent cost of living adjustment. Both (a) and (b) include an inflation component of 3.00 percent. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 15-year period. The Plan's overfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 6. Retirement Pension Plan (Continued)

Annual pension cost information for the fiscal years ended June 30, 2013, 2012 and 2011 is as follows:

Fiscal Year Ended June 30,	Three-Year Trend Information for the Plan		
	Annual Required Contribution (ARC)	Amount Contributed	Percentage of ARC Contributed
2011	\$ 89,143	\$ 89,143	100%
2012	147,963	147,963	100%
2013	131,203	131,203	100%

As of the most recent actuarial valuation report dated October 2012 for the period through June 30, 2011 (used to determine the required contribution for the fiscal year July 1, 2013 through June 30, 2014), the Plan had an overfunded position of \$980,738 as of June 30, 2011. The Plan's projected overfunded position is \$903,989 as of June 30, 2013.

Note 7. Postemployment Benefits Other Than Pensions

Plan description: The Commission administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides lifetime healthcare insurance for retirees and their spouses through the Commission's group health insurance plan, which covers both active and retired members. To become eligible to retire, an employee must be 50 years of age or higher with five or more years vested in CalPERS (see Note 6). The Retiree Health Plan does not issue a publicly available financial report.

Retirees can choose among several options: PPO, HMO or EPO. All options permit Medicare supplement plans for those members eligible for Medicare. Health plans offered, covered benefits, monthly rates and co-payments are determined by the CalPERS Board, which reviews health plan contracts annually. The following HMO and PPO plans were available during fiscal years 2011 to 2013:

- Basic HMO Plans (Blue Shield Access+, Blue Shield Net Value or Kaiser Permanente).
- Basic PPO Plans (PERS Select, PERS Choice and PERSCare).

As with active employees, the costs of these medical plans are shared by the Commission and the retiree.

Funding policy: The Commission pays the costs of these medical plans as they are incurred. As of June 30, 2013, no trust or retirement fund was established or maintained to secure the employer's share of this postemployment benefit. Effective February 2012, the Commission established contribution rates of 78 percent for employer and 22 percent for employee. Prior to this, the employer/employee contribution rates varied slightly depending upon the specific plan chosen by the retiree. For the fiscal year ended June 30, 2013, the Commission contributed \$123,235 to the plan.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 7. Postemployment Benefits Other Than Pensions (Continued)

Annual OPEB cost and net OPEB obligation: The Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Commission's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Commission's net OPEB obligation to the Retiree Health Plan:

	June 30, 2013	June 30, 2012
Calculation of Interest on Net OPEB Obligation:		
Net OPEB obligation at end of prior year	\$ 1,625,605	\$ 950,598
Employer's investment rate of return	4.50%	4.50%
Interest on net OPEB obligation	73,150	42,777
Calculation of Annual OPEB Cost:		
ARC	776,679	752,027
Interest on net OPEB obligation	73,150	42,777
Annual OPEB cost	<u>\$ 849,829</u>	<u>\$ 794,804</u>
Calculation of Net OPEB Obligation:		
Net OPEB obligation at beginning of year	\$ 1,625,607	\$ 950,598
Annual OPEB cost	849,829	794,804
Less actual employer contributions	(123,235)	(119,797)
Net OPEB obligation at end of year	<u>\$ 2,352,201</u>	<u>\$ 1,625,605</u>

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2013, 2012 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 610,259	16.20%	\$ 950,598
June 30, 2012	794,804	15.10%	1,625,605
June 30, 2013	849,829	14.50%	2,352,201

Funded status and funding progress: As of June 30, 2013, the actuarial accrued liability for benefits was \$5,906,492, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1.57 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was approximately 377 percent.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 7. Postemployment Benefits Other Than Pensions (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees: Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 63.

Marital status: Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality: Life expectancies were based on the Group Annuity Mortality Table, Combined Rates.

Turnover: None was assumed.

Healthcare cost trend rate: The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 10 percent initially, reduced to an ultimate rate of 5 percent after 10 years, was used.

Health insurance premiums: 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate: No inflation assumption was made.

Payroll growth rate: No long-term payroll growth assumption was made.

Based on the expected returns of the Commission's short-term investment portfolio, a discount rate of 4.5 percent was used. In addition, a projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 8. Commitments, Contingencies and Subsequent Events

Collective bargaining agreements: During the year ended June 30, 2013, the Coliseum Commission had two collective bargaining agreements (CBA), and the Association had one CBA. The Coliseum Commission CBAs were with the International Alliance of Theatrical Stage Employees (IATSE) Local 33 and Service Employees International Union (SEIU) Local 1877. The IATSE CBA covered employees who performed load-in, setting, striking, load-out operating and preventive maintenance duties in connection with performance-related equipment for those events presented or otherwise sponsored and produced by the Commission or tenants. The IATSE CBA expired on July 28, 2013. The SEIU CBA was effective January 1, 2013 through December 31, 2013, and was automatically terminated upon management transfer of the facilities to USC on July 28, 2013. The SEIU CBA covers employees who performed janitorial services. The Association CBA with the Unite Here Local 11 union was extended through June 30, 2013 and continued on a month-to-month basis until July 28, 2013, at which time it was terminated. The CBA with Unite Here covered most food service employees.

On October 30, 2013, the Commission received a claim letter from the IATSE Pension Trust alleging that the Coliseum Commission/Association has incurred a pension trust fund withdrawal liability of \$378,102. The matter is currently being reviewed by the Coliseum Commission/Association legal counsel and no amounts have been accrued as of June 30, 2013.

Leases: The Coliseum and Sports Arena ground leases were extended by the Commission on September 3, 2003 to continue through December 31, 2054. The rental terms for the extended leases were agreed to by the Commission and State on February 13, 2008. The aggregate annual rent is \$1,000,000, beginning January 1, 2008 and ending December 31, 2015, and \$1,300,000, beginning January 1, 2016 and ending December 31, 2054, with the annual amount beginning January 1 2017 to be adjusted according to the U.S. Consumer Price Index. In addition to the annual base rents, the Commission must pay to the State a portion of any revenue received for naming rights of the Coliseum and the Sports Arena in the amounts of 3.125 percent and 1.875 percent, respectively. For the year ended June 30, 2013, the Commission did not receive any revenue related to naming rights of the Coliseum or the Sports Arena.

Future minimum payments under these agreements at June 30, 2013 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2014	\$ 1,000,000
2015	1,000,000
2016	1,150,000
2017	1,300,000
2018	1,300,000
2019-2023	6,500,000
2024-2028	6,500,000
2029-2033	6,500,000
2034-2038	6,500,000
2039-2043	6,500,000
2044-2048	6,500,000
2049-2053	6,500,000
2054-2055	1,950,000
	<u>\$ 53,200,000</u>

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 8. Commitments, Contingencies and Subsequent Events (Continued)

Rent expense is recorded on a straight-line basis over the lease term. Amounts expensed in excess of amounts paid are recorded as straight-line rent accrual. Rent expense for the year ended June 30, 2013 was \$1,248,936, which is related to the Coliseum and Sports Arena rent expense. As a result, the Commission has recorded straight-line rent accrual as of June 30, 2013 of \$1,369,149.

Sublease with primary tenant: The Commission has sublease agreements with USC for the use of the Coliseum. Included in the agreement with USC are requirements for the Commission to perform significant upgrades to the Coliseum, where USC plays its home football games. The Commission has not fully complied with the terms of its sublease with USC, its primary tenant. Specifically, the Commission has not provided USC with a capital financing plan to demonstrate sufficient resources through 2018 to enable the Commission to fully achieve the capital improvements to the Coliseum that are required by the terms of the sublease. Remedies identified in the sublease include that USC can fund the capital improvements and charge the Commission an annual interest rate of 6 percent, or both parties may terminate the sublease. In May 2012, the Commission and USC agreed to a modified sublease that will give USC management control of the facility and require it to make the rent payments to the State, among other things (see Notes 4, 5 and 9). The amended sublease agreement was subsequently executed by the Commission and by USC on July 25, 2013, and the transfer took place on July 29, 2013 (see Note 9).

Parking lots: The Commission had an agreement with the State for the use of one of the parking lots that is owned by the Commission, which resulted in approximately \$8,000 in revenue per month. The written agreement expired in December 31, 2005, although the relationship continued without a written agreement in place. The State discontinued making payments to the Commission in January 2008. The Commission was negotiating a new written agreement with the State and attempting to collect parking revenues since January 2008. During the year, the Commission approved the proposed settlement agreement for the transfer of the parking lots to the State in settlement of its liability due for past due rents and to waive its right to collect past parking revenues since 2008 (see Note 4).

Settlements, litigation and claims: On November 3, 2011, a civil complaint was filed on behalf of the Coliseum Commission and the Association against (a) the Commission's former general manager; (b) the Commission's former assistant general manager for events; and (c) others, including promoters, alleging violations of the False Claims Act, breach of fiduciary duty, fraud and related claims. The Commission is claiming that these individuals used deceptive and illegal practices to siphon off revenue to themselves that should have been received by the Commission. The litigation is still ongoing, and management does not have an estimate of the amount that will be recovered. No other amounts have been recorded as a gain or receivable for the recovery of funds as a result of these litigation claims. However, during the year ended June 30, 2013, the Commission recorded settlement income (net of legal fees) of \$598,500 it received from its insurance carrier for a theft claim filed by the Commission in July 2011. The settlement is recorded as a component of settlement income in the accompanying statement of revenues, expenses and changes in net position.

In April 2013, the Commission reached a settlement agreement with IATSE and its trust funds for \$750,000 as a result of cash payments that appeared to have been improperly made during 2008, 2009 and 2010 for compensation related to services provided by members of the IATSE union without proper withholding of taxes and other related employee benefits (union trust funds) through an appropriate payroll system mechanism. In April 2013, the Commission received a \$150,000 payment from one of its insurance carriers, which was applied to the liability due to IATSE.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 8. Commitments, Contingencies and Subsequent Events (Continued)

A settlement was reached by the Commission and the IRS in May 2013 for approximately \$140,000, which was paid during the year ended June 30, 2013, regarding the failure by the previous Commission management to ensure that the payments to such IATSE employees during 2008, 2009 and 2010 included the appropriate withholding of federal income taxes.

In June 2013, the Commission paid approximately \$22,000 to the State's Economic Development Department, which was the calculated amount of state taxes that should have been similarly withheld by the Commission from the same IATSE compensation transactions in 2008, 2009 and 2010 and paid to the State of California, plus penalties and interest.

As the settlements for these payroll-related claims were paid during the year ended June 30, 2013, no amounts were accrued as of June 30, 2013. The Commission had previously estimated and recorded the liability related to these issues as \$925,000 in previous years.

In June 2013, the Commission entered into a preliminary settlement to the legal complaint filed by Mr. Eduardo Ostrogovich against the Coliseum Commission in April 2012, alleging breach of contract regarding certain past consulting agreements entered into by the former general manager. As a result, a \$95,000 settlement amount was accrued as of June 30, 2013. The final settlement was subsequently approved by the Commission's governing body and paid in July 2013.

On July 18, 2012, the Los Angeles Times and Californians Aware (collectively, the Petitioners) filed a Petition for Writ of Mandate and Declaratory Relief against the Coliseum Commission alleging violations of: (1) the Ralph Brown Act (the Brown Act) during the process of consideration and approval of the Amended and Restated USC Lease; and (2) various violations of the California Public Records Act (the CPRA). The Court issued its ruling on October 4 and judgment based on the Court's ruling was entered on October 22, 2013. The Court's judgment holds that the Commission violated the Brown Act and requires the Commission to record all future closed sessions for three years. Notably, the Court denied the Petitioners' request to declare null and void the Commission's vote approving the Amended and Restated USC Lease. The judgment also declares the Commission violated the CPRA and requires the Commission to conduct certain searches and produce certain documents forthwith. The Commission has produced some of the documents and is in the process of conducting the necessary searches in an effort to identify additional documents. The judgment in this case also states that the Petitioners are entitled to recover their attorneys' fees in this case. The Petitioners have submitted a demand for attorneys' fees and costs of approximately \$415,000 to settle the issue of attorneys' fees rather than proceed before the Court with a motion on the issue. The Commission's insurance carrier has agreed to pay the fees on behalf of the Commission following an appropriate review of the charges. Therefore, the Commission recorded an accrued expense liability and corresponding account receivable of approximately \$415,000 at year-end with regard to this legal matter, and this is included in the accompanying statement of net position at year-end.

The Commission is exposed to claims encountered in the normal course of business. In the opinion of management, the resolution of these matters, except as discussed above, will be covered by insurance and/or will not have a material adverse effect on the Commission's net position or results of operations.

Note 9. Subsequent Events

Subsequent events have been evaluated through November 26, 2013, which is the date the financial statements were available to be issued. Other than as described above and below, there were no other subsequent events.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 9. Subsequent Events (Continued)

Amended sublease with primary tenant: On July 25, 2013, the Commission and USC executed an amended and restated sublease that transferred the operations and all associated assets of both the Coliseum and the Sports Arena to USC on July 29, 2013 through at least July 29, 2033, with options for USC to extend through December 31, 2054 (the date that the current lease with the State of California expires). The sublease also provides USC with full control of the property located at 3843 S. Grand Avenue (the Freeway Sign). In addition, USC has obtained first rights to negotiate with the State of California to extend the sublease beyond December 31, 2054. In return, USC is required to make specific capital improvements to the Coliseum, which are estimated to cost in excess of \$70 million, to be completed before the Centennial Anniversary of the Coliseum in 2021-2023. USC also has the right to terminate the sublease with respect to the Sports Arena at any time after three years after the commencement of the amended and restated sublease agreement.

Additional terms of the sublease require USC to: (1) offer a minimum of six months employment to current Commission employees; (2) make future rent payments to the State on behalf of the Commission; (3) make future monthly payments on the \$2.1 million note payable with Kinetic Leasing for the video board on behalf of the Commission; (4) reimburse the Commission for retiree healthcare premiums (estimated \$12,500 per month); (5) pay \$300,000 for recent sound system upgrades (in three annual \$100,000 installments); (6) relieve the Commission of the \$471,830 liability to USC for self-funded capital improvements on the Coliseum; (7) extend the term on the Coliseum Note Payable to USC (see Notes 5 and 8); and (8) provide the Commission with a monthly allowance for the Commission to conduct ongoing oversight operations. The total monthly allowance, including a trademark royalty of \$1,667, was set at \$12,500 for the fiscal year ended June 2014; however, future amounts will be determined based on annual budget deliberations with USC. The Commission would also participate in profit sharing should USC's operation of these facilities become profitable based upon a specific formula as defined in the amended and restated sublease agreement.

As a result of the amended and restated sublease agreement between USC and the Commission, the Commission must realize a \$10.5 million impairment loss on the Coliseum Commission's fixed assets, Coliseum structure and Freeway Sign, whose management is being transferred to USC as part of the long-term sublease, as these assets will no longer provide a benefit to the Commission throughout the remaining useful life of the assets. The Sports Arena real property will remain on the Commission's books and records at its full historical cost as it is not certain that USC will continue to sublease the Sports Arena beyond July 29, 2016.

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 9. Subsequent Events (Continued)

The following is a pro forma report (unaudited) to show the potential impact of the amended and restated sublease on the Commission's statement of net position as of June 30, 2013:

	June 30, 2013 (Audited)	Impact of Amended USC Lease (Unaudited)	Pro Forma June 30, 2013 (Unaudited)
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,873,497	\$ -	\$ 2,873,497
Accounts receivable, net	583,362	158,978	742,340
Other receivable	415,000	-	415,000
Food inventories	126,240	(108,978)	17,262
Prepaid expenses	180,638	-	180,638
Total current assets	4,178,737	50,000	4,228,737
Noncurrent Assets			
Note receivable	-	300,000	300,000
Capital assets	15,221,207	(11,344,093)	3,877,114
Total assets	\$ 19,399,944	\$ (10,994,093)	\$ 8,405,851
Liabilities and Net Position			
Current Liabilities			
Accounts payable and other accrued expenses	\$ 2,194,728	\$ -	\$ 2,194,728
Accrued payroll and employee benefits	447,760	-	447,760
Advance ticket sales	2,004,567	-	2,004,567
Deferred revenue	201,917	-	201,917
Current portion of long-term debt	682,665	-	682,665
Total current liabilities	5,531,637	-	5,531,637
Noncurrent Liabilities			
Postretirement healthcare plan	2,352,201	-	2,352,201
Straight-line rent accrual	1,369,149	-	1,369,149
Long-term debt, less current portion	2,943,452	(471,830)	2,471,622
Total liabilities	12,196,439	(471,830)	11,724,609
Commitments and Contingencies			
Net Position			
Net investment in capital assets	12,601,933	(10,872,263)	1,729,670
Unrestricted deficit	(5,398,428)	350,000	(5,048,428)
Total net position	7,203,505	(10,522,263)	(3,318,758)
Total liabilities and net position	\$ 19,399,944	\$ (10,994,093)	\$ 8,405,851

**Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.**

Notes to Financial Statements

Note 9. Subsequent Events (Continued)

Amended and restated JPA: On June 5, 2013, the Commission approved recommendations to be forwarded to its Parent Bodies as to a proposed amended and restated JPA that would change the structure of the Commission by reducing the number of Commissioners from nine to three, one appointed by each Parent Body instead of the current three from each Parent Body. The proposed amendment would also change the controller and treasurer of the Commission from the controller and treasurer of the City to the controller and treasurer of the County. In addition, it would officially remove the obsolescent liens by the City and County totaling \$1,211,798 against Coliseum accounts. In addition, the recommendations would change the meeting requirements from monthly to quarterly.

Following the commencement of the amended and restated sublease agreement between USC and the Commission, the Commission voted in September 2011 to enter into an agreement with the County Board of Supervisors Executive Office for that office to assume the administrative support functions of the Commission no later than January 1, 2014. On October 8, 2013, the Board of Supervisors of the County also approved that agreement.

On October 2, 2013, the recommendations for the amended JPA were formally transmitted to each of the Parent Bodies. The amended JPA was approved by the County Board of Supervisors on October 15, 2013. Consideration by the other two Parent Bodies, the City and the State, remain pending as of the date of this report.

**Los Angeles Memorial Coliseum Commission and
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**Required Supplementary Information
Schedule of Funding Progress for Retirement Healthcare
Year Ended June 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL), Simplified Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2011	\$ -	\$ 4,977,533	\$ 4,977,533	0%	\$ 1,889,307	263%
June 30, 2012	-	5,478,339	5,478,339	0%	1,839,341	298%
June 30, 2013	-	5,906,492	5,906,492	0%	1,567,536	377%

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The Commission obtains an actuarial valuation on an annual basis.